

**TOWN OF PARACHUTE
RESOLUTION NO. 2014-16**

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE TOWN OF PARACHUTE, COLORADO, SUPPORTING A LETTER FROM THE TOWN OF PARACHUTE REGARDING THE PROPOSED NEW ENVIRONMENTAL IMPACT STATEMENT (EIS) FOR THE PREVIOUSLY ISSUED OIL AND GAS LEASES IN THE WHITE RIVER NATIONAL FOREST.

WHEREAS, the proposed EIS for the previously issued oil and gas leases in the White River National Forest will analyze sixty five (65) existing leases issued since 1993 in the White River National Forest; and

WHEREAS, through the EIS the Bureau of Land Management (BLM) will conduct its own environmental analysis on the 65 leases issued since the 1993 EIS to determine whether the leases should be voided, reaffirmed, modified with additional or different terms, or subject to additional mitigation measures for site-specific development proposals; and

WHEREAS, the Town of Parachute Board of Trustees supports oil and gas exploration and production in the White River National Forest.

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF PARACHUTE, COLORADO:

Section 1. The Board of Trustees supports the signing of a letter addressed to the Bureau of Land Management outlining:

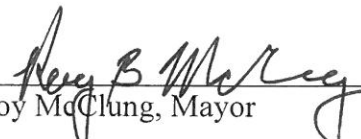
- a) The economic benefit the exploration and production of the oil and gas industry brings to the Town;
- b) The considerations the BLM should follow while performing the EIS.

INTRODUCED, READ, PASSED AND ADOPTED at a regular meeting of Board of Trustees of the Town of Parachute, Colorado held on May 8, 2014.

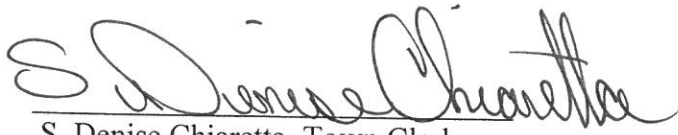


**BOARD OF TRUSTEES OF THE TOWN
OF PARACHUTE, COLORADO**

By: _____


Roy McClung, Mayor

ATTEST:


S. Denise Chiaretta, Town Clerk



Town of Parachute

222 Grand Valley Way Parachute, Colorado 81635
(970) 285-7630

Roy McClung, Mayor

May 8, 2014

Mr. Steve Bennett
Bureau of Land Management
Colorado River Valley Field Office
2300 River Frontage Road
Silt, CO 81652

**SUBJECT: TOWN OF PARACHUTE COMMENTS REGARDING THE UPCOMING
ENVIRONMENTAL IMPACT STATEMENT FOR THE SIXTY-FIVE EXISTING LEASES IN THE
WHITE RIVER NATIONAL FOREST**

Dear Mr. Bennett:

The Town of Parachute was incorporated in 1908, and is a political subdivision of the State of Colorado. We are a Home Rule Municipality, effective May 18, 2007, and as such, enact and provide for the enforcement of all Town ordinances necessary to protect the life, health, safety, and property of our citizens.

It has come to our attention that the Bureau of Land Management (BLM) is planning to prepare an Environmental Impact Statement (EIS) for the previously issued oil and gas leases in the White River National Forest. As a political subdivision of the State of Colorado, we hereby request the BLM to coordinate the EIS with our Town and our seven-member Board of Trustees.

Our charge is to protect the health, safety, and welfare of the citizens of our Town. In order to carry out this charge, we have policies and ordinances that require human life and economic well-being of our citizens to be prioritized above all other concerns.

Although the Town of Parachute is not within the jurisdictional boundaries of your planning area, we are dependent upon and impacted by the use of federal lands managed by your agency. Therefore every policy you implement has a direct impact on all the services our Town provides.

Your agency is specifically directed through your planning rules to take the impacts to

our Town into account in your analysis presented in the EIS.

"The development, approval, maintenance, amendment and revision of resource management plans will provide for public involvement and shall be consistent with the principles described in section 202 of the Federal Land Policy and Management Act of 1976. Additionally, the impact on local economies and uses of adjacent or nearby non-Federal lands and on non-public land surface over the federally-owned mineral interests shall be considered." (43 CFR 1601.0-8)

Section 202 of the Federal Land Policy and Management Act includes the statutory direction for your agency to coordinate "planning" with local governments (43 USC 1712(c)(9)). As a political subdivision of the State of Colorado, the Town of Parachute is entitled to coordination with your agency in your planning efforts.

The National Environmental Policy Act (NEPA) (42 USC 4321) and corresponding regulations requires coordination with local governments to "improve and coordinate Federal plans, functions, programs and resources." The Town of Parachute is entitled to have its policies and economic effects considered and resolved by you prior to the release of the EIS.

Even though the laws and policies that direct your agency to prepare this EIS require you to do so in coordination with Parachute, for the purpose of resolving conflicts with Parachute, to ensure consistency with our policies, and ultimately to ensure that the health, safety, and welfare of the public is fully considered in this process, your agency should do so.

The direct, indirect, and cumulative impacts the proposed action will have on our Town should be considered and analyzed so that these impacts can be weighed with the benefits and negative effects of any action taken. For this reason your new study should take into account the impact on the health, safety, and welfare of the people and in coordination with our Town.

This analysis is not something that should be done at a later date when you prepare site specific environmental statements. The policies that will impact our Town should be considered now, and will be put into place through this environmental statement. Therefore, the harm and/or benefit that will come to our Town should be considered in this analysis.

In 2012, the Town of Parachute received \$111,829 in tax revenues directly attributable to oil and gas production in Garfield County. Land in the Town of Parachute had a total assessed value of \$29,567,220, of which \$8,231,070 was directly attributable to oil and gas resulting in the percentage of 27.84% of our total Town revenues. The Town of Parachute would not be able to continue to function without these tax revenues.

In 2013, the Town of Parachute received \$177,600 from Federal Mineral Lease and \$144,696 in Severance Tax Direct Distribution for a total of \$322,296.

Under the Federal Mineral Leasing Act, approximately 49 percent of those rentals and

royalties from mineral production on federal lands are returned back to the state of origin for planning, construction, and maintenance of public facilities in areas socially and economically impacted by the mineral leasing development that occurs on federal lands.

The General Assembly of Colorado has determined that a portion of the state's share of these federal royalty payments are to be directly distributed back to those counties, municipalities, and school districts impacted by mineral production on federal lands.

Two factors determine the allocation of federal mineral lease revenue to each county pool for further distribution, of which our Town is a recipient. Those two factors include:

- 1) The proportion of residents in the county employed in mineral extraction;
- 2) The proportion of the moneys credited to the mineral leasing fund generated in the county to the total generated statewide.

From those county "pools," further allocation is determined and our Town receives a proportional share based on:

- 1) The proportion of residents in the unincorporated areas or municipalities employed in mineral extraction to the total employed in the county;
- 2) The proportion of population of unincorporated areas or municipalities to the total county population; and
- 3) The proportion of road miles in unincorporated areas or municipalities to the total road miles in the county.

Severance tax funds are distributed to counties and municipalities based on factors of mining and well permits, mineral production, population, and road miles to determine how direct distribution funds are allocated to municipalities and counties.

Fifty percent of the State's receipts from the severance tax on minerals and mineral fuels are credited to the Local Government Severance Tax Fund. The State allocates 70 percent of these funds to local governments through discretionary grants and loans. The remaining 30 percent is placed in a county pool and distributed directly to municipalities and counties economically and socially impacted by mineral production based on similar factors under the Federal Mineral Leasing Act.

The Town of Parachute receives almost one-third of our annual revenue directly from oil and gas production. If the measures proposed in the EIS either diminish or eliminate this production and correspondingly our revenue, it will affect our ability to provide sufficient services. The EIS should attempt to consider this impact at the county level and address this impact at the most basic and local level where the people will be directly impacted: our Town.

Another major portion of our revenue is from the sales tax generated by those who reside and conduct business in our Town as a function of servicing the oil and gas industry.

We have hundreds of citizens employed in the energy industry that live and work in

Parachute. This not only impacts our tax revenues, but the multiplier effect of their families and spouses who work and shop in our Town bring much more in sales tax revenues that could be lost to our Town.

Just as it is the BLM's mission to "sustain the health, diversity, and productivity of America's public lands for the use and enjoyment of present and future generations," it is our mission to protect the health, safety and welfare of our citizens.

Any failure to coordinate your EIS with our Town will place us in a very difficult and dangerous situation should you not consider our needs.

In addition to the direct and/or indirect impact the results of this study may have on the economic situation of the Town of Parachute, we ask that you consider the following while performing the EIS:

- 1) Allow the study to identify a clear path to the development of these leases and other lands within the White River National Forest.
- 2) Consider the results of the previous study that was completed for these leases in 1993.
- 3) Any retraction of leases may result in the repaying of revenues from the industry. We cannot pay back any leasing dollars previously received.
- 4) Stringent criteria placed on the leases within the Thompson Divide should not affect the viability of the leases outside the Divide.

Thank you for the opportunity to comment on this very important issue.

If you have any additional questions or concerns, please contact us at 970-285-7630.

Sincerely yours,



Roy McClung
Mayor


Tim Olk
Trustee


Juanita Williams
Trustee


Tom Rugaard
Trustee

John Loschkie
Trustee


John Yadloski
Trustee

SSMc